

# Washington State 2009 **Charity Care in Washington Hospitals**



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## Executive Summary

The 1989 Legislature enacted RCW 70.170.060 which prohibits any Washington hospital from denying patients access to care based on inability to pay or adopting admission policies which significantly reduce charity care. The law requires each hospital to develop a charity care policy and a bad debt policy.

The Department of Health (DOH) is responsible for rule making and monitoring related to charity care and is required to report to the legislature and governor on an annual basis.

This report describes charity care provided by all licensed hospitals in Washington during hospital fiscal year (FY) 2009. RCW 70.170 defines charity care as “necessary inpatient and outpatient hospital health care rendered to indigent persons...” A person is considered indigent if their family income is at or below 200 percent of the federal poverty level. Hospitals report charity care as billed charges written off and as a percentage of total patient service revenue and adjusted revenue (adjusted revenue is total billed revenue minus Medicare and Medicaid billed revenue in order to focus on each hospital’s non-Medicare, non-Medicaid charges).

Washington hospitals reported \$826 million in total charity care charges for 2009, which is an increase of 24 percent above 2008 and a 40 percent increase above the 2007 levels. Charity care for 2009 was 2.4 percent of total hospital revenue and 4.9 percent of adjusted revenue.

Total charity care charges have increased from 1998 to the present. The growth in charity care has slowed since the increase from 2003 to 2004, which was the largest increase in charity care since data reporting began. When adjusted for inflation, charity care charges in Washington are rising faster than both the consumer price index and the producer price index.

Across the state, 36 hospitals each provided more than \$4 million of charity care in FY 2009, which accounted for 92 percent of charity care statewide. Regionally, King County provides the largest dollar amount of charity care, with Harborview Medical Center alone providing 19 percent of the statewide total. Hospitals in rural areas of the state report less charity care in proportion to their total adjusted revenue than do urban hospitals. Rural hospitals also have a higher proportion of revenue from Medicare and Medicaid, resulting in a smaller base of private sector payers to whom charity care would apply.

## Charity Care Defined

Washington State law (RCW 70.170.020) defines charity care as necessary hospital health care rendered to indigent persons, when the persons are unable to pay for the care or pay the deductibles or co-insurance amounts required by a third-party payer (Appendix 1). A person in need of care is considered indigent if family income is at or below 200 percent of the federal poverty level. Charity care means appropriate hospital-based medical services provided to indigent persons. This is distinct from bad debt, which is defined as uncollectible amounts, excluding contractual adjustments, arising from failure to pay by patients whose care has not been classified as charity care.

In March 1991, DOH adopted rules that define uniform procedures, data requirements and criteria for identifying patients receiving charity care. These rules also defined residual bad debt.

## Charity Care Policy and Reporting Requirements

Since 1991, Washington hospitals have been required to maintain a charity care policy on file with the DOH. Each policy includes:

- Definitions describing terms the hospital uses in its charity care policy;
- Procedures the hospital uses to determine a patient's ability to pay for health care services and to verify financial information submitted by the patient;
- Sliding fee schedule for individuals whose annual family income is between 100 and 200 percent of the federal poverty level, adjusted for family size; and
- Procedures used to inform the public about charity care available at that hospital.

The department verifies that hospitals are meeting the charity care policy regulations during on-site licensure reviews. Charity care policies for Washington hospitals are available on the department Web site: <http://www.doh.wa.gov>.

In addition to the charity care policy, each hospital reports annually to the department its total charges for charity care and bad debt within 180 days of the close of the hospital's fiscal year. These data are reported as part of the hospital's year-end financial report. Hospitals also provide an estimate of charity care 30 days prior to the start of their fiscal year in their annual budget submittal.

Group Health hospitals are not included in this report since health care charges are prepaid through member subscriptions and, therefore, uncompensated health care is generally not incurred. State-owned psychiatric hospitals, federal Veterans Affairs hospitals, and federal military hospitals are also excluded. This report is based on data collected from 94 licensed Washington hospitals for their fiscal years ending in 2009.

## **Charity Care Nationally and in Other States**

There is no national community hospital charity care policy or requirement. Some states require hospitals to provide charity care, while others do not. Some of these states have a program in which the hospitals can apply for partial reimbursement of the funds forgiven.

In 1986, Congress enacted the Emergency Medical Treatment and Labor Act (EMTALA) to ensure public access to emergency services regardless of ability to pay. Section 1867 of the Social Security Act imposes specific obligations on Medicare-participating hospitals that offer emergency services to provide a medical screening examination when a request is made for examination or treatment for an emergency medical condition, including active labor, regardless of an individual's ability to pay. Hospitals are then required to provide stabilizing treatment for patients with emergency medical conditions. If a hospital is unable to stabilize a patient within its capability, or if the patient requests, an appropriate transfer should be implemented.

Washington's charity care law is much broader and includes non-emergency and non-labor medical care as eligible for charity care. EMTALA with revisions was in effect for all of 2009. More information is available at this link: <http://www.cms.gov/EMTALA/>

## **Comparing Hospitals' Charity Care Contributions**

Comparing one hospital's charity care contribution with another is not an easy exercise. Hospitals sometimes support their communities through free or low-cost services, such as health screenings and awareness campaigns, which are not easily quantifiable and are not included in their reported uncompensated health care charges.

Comparisons based solely on data included in this report can result in misleading findings. A high level of charity care may just as easily reflect demographic conditions in a service area (income level, unemployment rate, etc.) as the charitable mission of a hospital. On the other hand, a low level of charity care might reflect a relative absence of need for charity care in a hospital's service area rather than a lack of commitment to serve the community. This report makes no judgments about any individual hospital's provision of charity care. The department does not have an established standard for the "appropriate" amount of charity care that hospitals should provide.

A hospital is limited in the amount of uncompensated health care it can provide and remain a financially healthy institution. Ultimately, if enough charges are uncompensated, whether attributed to bad debt expense or to charity care, the facility will face operating losses. Hospitals may attempt to recover uncompensated health care by shifting costs to other payers, subsidizing uncompensated charges with non-operating revenue (e.g., endowments, parking lots, gift shops), or increasing prices for hospital services.

## **Charity Care Charges in Washington Hospitals**

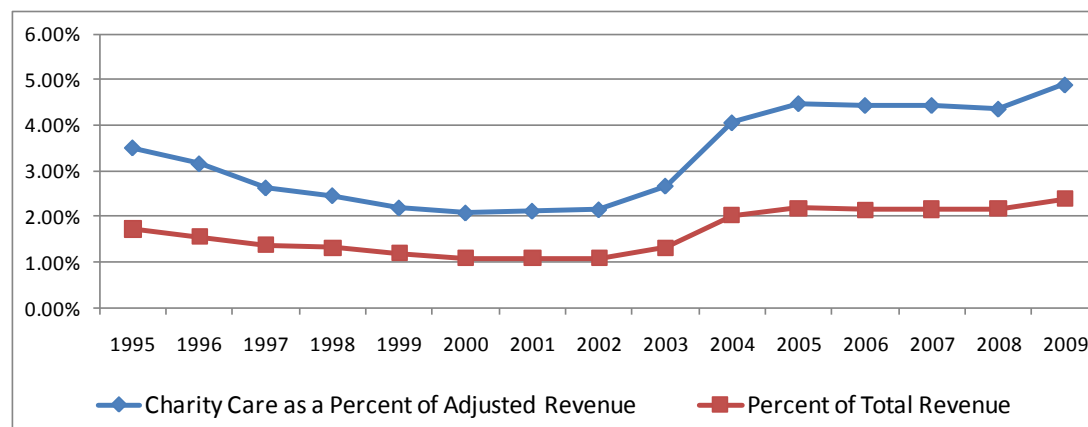
Charity care expenditures grew steadily from 1989, when hospital rate setting was eliminated, until 1993. From 1993 until 1997, that growth stabilized and then declined. Charity care began to increase again in 1998 and continued to rise through 2009. Charity care for 2009 increased 24 percent, which is the highest rate of increase since 2004 (73 percent). However, as a percent of adjusted revenue, charity care has been stable (between 4.4 and 4.9 percent) for the past five years.

Charity care charges increased from \$668 million in FY 2008<sup>1</sup> to \$826 million in FY 2009. This represents a 24 percent increase from 2008 to 2009. Table 1 summarizes the statewide provision of charity care from 1995 through 2009. This table also presents charity care charges as a percentage of total revenue and adjusted revenue (excluding Medicare and Medicaid). Total revenue is the sum of billed charges for all patient services. Statewide charity care charges increased by 594 percent over the past 10 years, while statewide revenues increased by 214 percent. Since 1997, fluctuations in statewide operating margins, a profitability measure, have not adversely affected the amount of charity care provided in Washington.

**Table 1. Overview of Hospital Charity Care in Washington, 1994-2009**

Year	Total Revenue	Adjusted Revenue	Statewide Charity Care	Percent of Total Revenue	Percent of Adjusted Revenue	Operating Margin
1995	6,393,992,319	3,141,574,942	110,172,746	1.72%	3.51%	4.70%
1996	6,831,863,277	3,351,784,781	105,767,242	1.55%	3.16%	4.10%
1997	7,466,307,575	3,874,390,027	102,008,794	1.37%	2.63%	4.00%
1998	8,283,508,258	4,406,201,947	108,371,473	1.31%	2.46%	2.30%
1999	9,495,164,654	5,131,945,589	112,577,000	1.19%	2.19%	2.00%
2000	11,009,631,695	5,736,296,849	119,081,863	1.08%	2.08%	1.30%
2001	12,559,409,550	6,374,245,419	135,140,421	1.08%	2.12%	2.20%
2002	14,594,866,236	7,361,696,909	158,602,333	1.09%	2.15%	2.50%
2003	16,563,214,722	8,206,850,864	218,716,343	1.32%	2.67%	3.70%
2004	18,703,650,129	9,291,039,218	377,659,433	2.02%	4.06%	3.28%
2005	21,176,047,382	10,276,084,173	460,789,979	2.18%	4.48%	4.40%
2006	23,729,471,286	11,486,408,669	509,804,329	2.15%	4.44%	4.11%
2007	27,296,487,390	13,304,319,466	590,294,087	2.16%	4.44%	5.19%
2008	30,706,080,081	15,303,068,991	667,580,294	2.17%	4.36%	5.00%
2009	34,933,137,076	16,987,409,492	826,262,777	2.37%	4.86%	5.80%

Source: Washington State Department of Health, Hospital Financial Data Year-end Reports FY 1995-2009.



<sup>1</sup> Not all hospitals have a fiscal year that coincides with the calendar year. Among the 94 hospitals in Washington, there are six different fiscal calendars. As a result, we cannot provide data based on the calendar year. Information contained in this report for fiscal year (FY) 2009 includes hospital data that pertains to the year that ended March 31<sup>st</sup>, April 30<sup>th</sup>, June 30<sup>th</sup>, September 30<sup>th</sup>, October 31<sup>st</sup> or December 31<sup>st</sup>, 2009, depending on each hospital's fiscal calendar.



The hospital accounting concept of “adjusted revenue” subtracts Medicare and Medicaid charges from total patient care revenue to allow meaningful comparisons of hospital levels of charity care. Medicare and Medicaid have specifically prohibited hospitals from billing patients for the difference between the billed charges and Medicare and Medicaid’s prospectively determined payment levels. Because hospitals cannot bill Medicare or Medicaid patients for the difference of payment received, these patients cannot be charity care patients. The private payer base differs widely among hospitals as a percentage of business. Therefore, the use of adjusted revenue allows for a comparison of hospital charity care as a percentage of privately sponsored patient revenue. Operating margin is the percent of operating revenue left over after operating expenses are subtracted.

## **Charity Care Patient Count in Washington**

Historically, data reported to the DOH did not include the number of patient visits for which charity care was granted. Therefore, the agency had been unable to report whether the number of charity care cases was going up, down, or remaining the same over time. The department is currently requesting that hospitals report the number of charity care patient visits, along with the associated charges. For fiscal year 2009, 53 of the possible 94 hospitals voluntarily reported this information. These hospitals reported 214,231 patient visits in which they provided charity care. Partial write-offs to charity are included in this count.

## **Inflation Adjusted Charity Care Amounts**

Figure 1 on the following page shows Washington hospitals’ inflation-adjusted charity care over time. Figure 1 displays charity care amounts in unadjusted or nominal dollars and in inflation-adjusted dollars. Inflation-adjusted charity care amounts allows the reader to see changes in charity care from year to year, accounting for the general tendency for all prices to increase over time. Inflation-adjusted dollars are often called “real” dollars, because they show changes in relative values, rather than changes in cost. The Consumer Price Index (CPI) adjusted dollars reflect inflation at the consumer level<sup>2</sup>. In other words, CPI changes reflect changes in the overall prices of goods and services. The Producer Price Index (PPI) adjusted amount is only for hospital care and reflects the changes in the selling prices received by hospitals for their services<sup>3</sup>. The base year for both inflation indices is 1997.

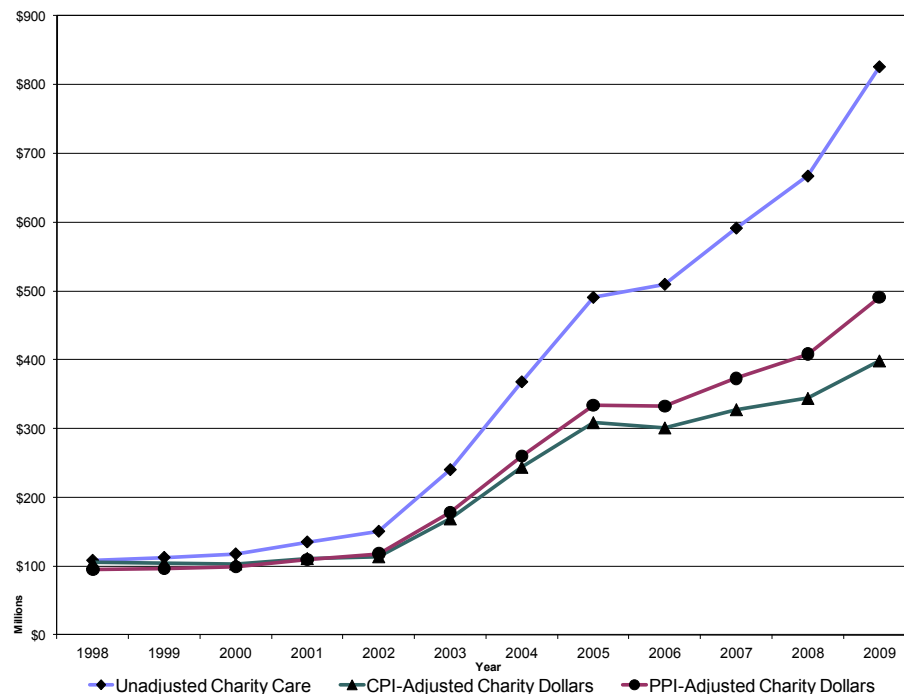
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<sup>2</sup> The Consumer Price Index (CPI), published by the US Department of Labor, Bureau of Labor Statistics (BLS), is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. (Source: US Department of Labor, Bureau of Labor Statistics)

<sup>3</sup> The BLS also publishes the Producer Price Index (PPI). The PPI is a family of indices that measures the average change over time in selling prices received by domestic producers of goods and services. PPIs measure price change from the perspective of the seller. This contrasts with other measures, such as the Consumer Price Index (CPI), that measure price change from the purchaser's perspective. Sellers' and purchasers' prices may differ due to government subsidies, sales and excise taxes, and distribution costs. The PPI used in this chart is specific to general medical and surgical hospitals. (Source: see above)

Under all measures, charity care increased sharply starting in 2003, even when the CPI and PPI show low inflation rates. Prior to 2004 charity care had a stable rate. It is unclear why the rates seem to have increased so dramatically. One possibility is that hospitals have increased the amount of their charity care, perhaps as much as doubled it in a few years. However, factors other than just an increase in care may account for some of the large swing.

**Figure 1. Inflation Adjusted Provision of Charity Care**



## Top Providers of Charity Care

The majority of the state's charity care comes from relatively few hospitals. Thirty-six urban and large town hospitals each reported \$4 million or more and together provided \$763 million in charity care. In other words, 38 percent of the hospitals provided 92 percent of the charity care in FY 2009 (see Table 2 on the next page). Looking at all the hospitals, the amount of charity care individual hospitals provided ranged from \$0 to \$155 million, which reflects differences in their size, types of services provided, provisions for charity care in their mission statements, and the characteristics of surrounding communities.

**Table 2. Washington Hospitals Reporting More than \$4 Million in Charity Care FY 2009**

Source: Washington State Department of Health, Financial Data Year-end Reports, FY2005-2009.

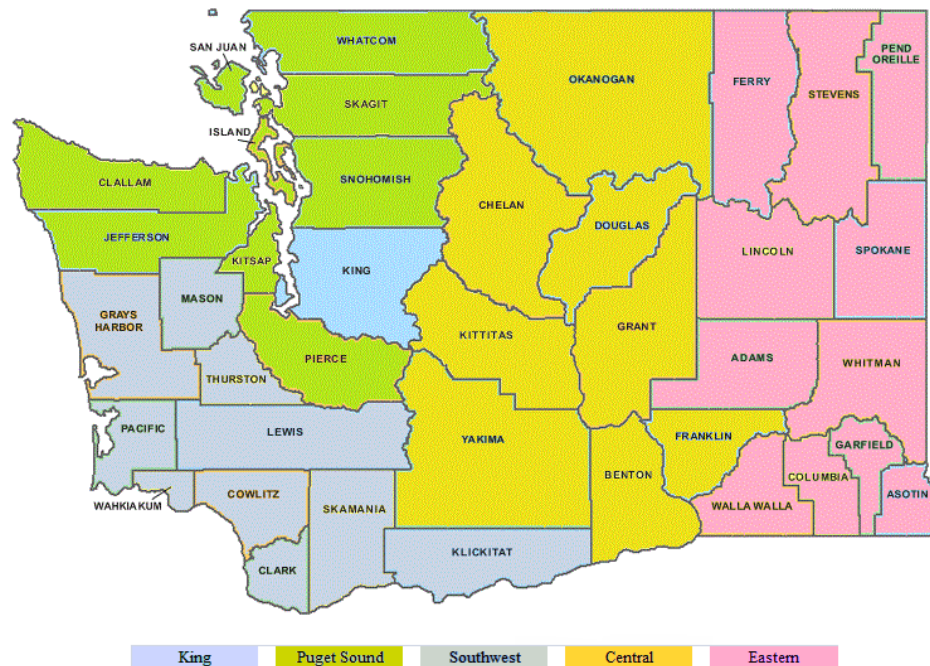
Hospital Name	Charity Care Billed Dollars					2008-2009
	2005	2006	2007	2008	2009	Percent Change
Harborview Medical Center	98,243,000	112,188,000	124,390,000	120,352,000	155,174,000	28.9%
Providence Regional Medical Center Everett	31,811,074	31,335,712	36,332,041	45,069,711	44,663,362	-0.9%
Swedish Health Services - First Hill	23,087,910	21,473,336	28,820,080	35,341,645	43,269,942	22.4%
Southwest Washington Medical Center	15,390,405	14,313,645	23,439,609	26,303,244	39,956,101	51.9%
Providence Saint Peter Hospital	22,949,168	29,724,540	30,535,691	33,969,925	33,598,351	-1.1%
Saint Joseph Medical Center	16,917,321	23,093,412	24,181,715	29,139,138	32,660,784	12.1%
Tacoma General Allenmore Hospital	18,612,298	18,148,276	25,496,810	21,813,947	25,787,670	18.2%
Providence Sacred Heart Medical Center	14,527,167	21,004,353	16,115,756	24,110,190	25,248,094	4.7%
Providence Centralia Hospital	14,550,041	11,447,322	14,150,505	22,162,300	23,959,101	8.1%
Saint Clare Hospital	8,928,033	10,916,194	11,135,378	15,007,075	21,538,705	43.5%
Swedish Medical Center Cherry Hill	9,763,471	10,399,358	12,499,950	18,002,432	20,748,838	15.3%
Peacehealth Saint John Medical Center	8,307,987	9,692,944	11,658,148	15,377,133	19,618,278	27.6%
Seattle Childrens Hospital	7,495,603	8,660,000	12,927,000	14,261,000	19,304,852	35.4%
University Of Washington Medical Center	14,932,682	17,000,103	15,983,605	17,956,619	18,650,391	3.9%
Virginia Mason Medical Center	9,879,932	8,149,650	8,806,690	9,970,153	16,826,510	68.8%
Good Samaritan Hospital	7,592,284	8,163,974	6,333,011	8,394,723	16,305,628	94.2%
Kadlec Medical Center	8,792,402	9,593,283	12,191,001	13,755,738	15,834,739	15.1%
Providence Holy Family Hospital	5,503,638	6,839,416	7,451,687	9,752,810	15,416,570	58.1%
Peacehealth Saint Joseph Hospital	9,266,567	9,445,262	12,921,335	13,292,795	15,411,146	15.9%
Legacy Salmon Creek Hospital	Not Open	2,985,950	9,205,220	12,910,761	15,070,778	16.7%
Harrison Medical Center	4,429,302	6,509,360	7,651,989	13,064,088	14,778,330	13.1%
Saint Francis Community Hospital	9,634,814	10,931,445	11,421,117	10,877,734	14,164,375	30.2%
Valley Medical Center	14,172,017	13,387,438	12,691,187	8,874,603	14,124,290	59.2%
Yakima Valley Memorial Hospital	4,999,185	7,724,744	9,227,813	10,476,443	13,045,086	24.5%
Evergreen Hospital Medical Center	6,885,415	6,388,160	6,278,194	4,230,096	9,781,713	131.2%
Deaconess Medical Center	3,169,286	4,004,874	4,337,666	3,604,615	9,092,831	152.3%
Stevens Hospital	4,220,740	3,450,170	5,334,972	6,635,068	8,968,352	35.2%
Overlake Hospital Medical Center	3,600,859	5,074,086	5,451,760	5,884,487	8,360,701	42.1%
Northwest Hospital & Medical Center	2,850,807	3,181,842	3,840,786	6,872,998	7,830,616	13.9%
Central Washington Hospital	3,248,927	5,474,835	5,514,945	5,540,544	6,976,487	25.9%
Highline Medical Center	6,654,998	4,914,119	8,962,739	11,074,643	6,964,190	-37.1%
Providence Saint Mary Medical Center	2,667,772	2,299,146	5,079,952	5,108,925	6,890,590	34.9%
Skagit Valley Hospital	4,303,447	3,002,750	3,641,809	4,645,113	6,440,416	38.6%
Valley General Hospital	2,429,860	3,523,518	4,986,959	4,468,446	5,867,536	31.3%
Kennewick General Hospital	1,455,335	2,048,453	3,791,366	4,798,404	5,541,226	15.5%
Yakima Regional Medical And Cardiac Center	8,205,425	7,296,260	3,394,837	5,417,762	4,685,608	-13.5%
Sub-Group Totals (only those over \$4M)	410,056,326	453,294,101	531,514,525	614,912,693	762,556,187	24.0%
Statewide Totals	460,789,979	509,804,328	590,294,087	667,580,294	826,262,777	23.8%
Sub-Group Percent of Statewide Total	89.0%	88.9%	90.0%	92.1%	92.3%	
Hospitals with greater than \$4 Million	31	29	36	35	36	
Hospital with less than \$4 Million	65	67	60	59	58	

Appendix 2 lists each hospital's charity care as dollar amounts and as a percentage of total patient service revenue and adjusted revenue. Statewide charity care in FY 2009 averaged 4.9 percent of adjusted revenue, which is slightly higher than the FY 2008 and 2007 averages.

## Charity Care by Hospital and Region

Tables 3 and 4 group hospitals into five geographic regions. Four of the five regions are groups of 13 to 21 hospitals in contiguous counties. The fifth region, King County, is the state's largest population center and has a concentration of 21 hospitals. The 2009 proportions of charity care show wide variations among different areas of the state. Table 3 shows the amount of charity care provided by hospitals in each region per 1,000 residents.

**Figure 2. Washington State – Five Geographic Regions.**



**Table 3. Charity Care Charges by Region, per 1,000 residents: 2004-2009**

Hospital Region	2005	2006	2007	2008	2009
King County	\$ 117,199	\$ 123,695	\$ 139,099	\$ 143,950	\$ 180,558
King County w/o Harborview Med Ctr	\$ 62,870	\$ 62,567	\$ 72,269	\$ 80,075	\$ 99,286
Puget Sound	\$ 54,618	\$ 57,950	\$ 67,209	\$ 77,569	\$ 91,452
Southwest Washington	\$ 68,948	\$ 75,320	\$ 94,056	\$ 114,456	\$ 138,182
Central Washington	\$ 49,380	\$ 57,472	\$ 62,296	\$ 69,489	\$ 77,962
Eastern Washington	\$ 48,270	\$ 62,387	\$ 62,753	\$ 77,046	\$ 102,915
<b>Statewide</b>	<b>\$ 73,651</b>	<b>\$ 79,962</b>	<b>\$ 90,982</b>	<b>\$ 101,339</b>	<b>\$ 123,911</b>
Source: Washington State Department of Health, Hospital Financial Data Year-end Reports, FY 2005-09					
Office of Financial Management – Population Estimates, 2005-2009					

Table 3 shows that charity care amounts in Washington ranged from a low of \$77,962 per 1,000 residents in Central Washington, to a high of \$180,558 per 1,000 King County residents. The statewide average is \$123,911 in charity care provided per 1,000 Washington residents. Among these regions, King County provides the largest dollar amount of charity care. However, this picture changes when Harborview Medical Center's \$120 million in charity care (18.8 percent of the statewide total) is excluded.

**Table 4. Overview of Hospital Charity Care by Region, FY 2009**

2008 REGION	REVENUE CATEGORIES (DOLLARS)					CHARITY CARE	
	CHARITY CARE	TOTAL REVENUE	(LESS) MEDICARE REVENUE	(LESS) MEDICAL ASSISTANCE REVENUE	ADJUSTED REVENUE	% OF TOTAL REV	% OF ADJ REV
King County	344,740,137	13,879,095,919	4,137,208,460	1,989,171,666	7,752,715,793	2.48%	4.45%
% of state total	41.7%	39.7%	33.6%	35.3%	45.6%		
% of region total revenue			29.8%	14.3%	55.9%		
Puget Sound	207,834,764	9,809,314,067	3,647,094,939	1,694,182,400	4,468,036,728	2.12%	4.65%
% of state total	25.2%	28.1%	29.6%	30.0%	26.3%		
% of region total revenue			37.2%	17.3%	45.5%		
Southwest	143,805,528	4,290,710,658	1,786,988,493	688,631,518	1,815,090,647	3.35%	7.92%
% of state total	17.4%	12.3%	14.5%	12.2%	10.7%		
% of region total revenue			41.6%	16.0%	42.3%		
Central	59,025,380	3,030,135,424	1,135,129,514	549,395,227	1,345,610,683	1.95%	4.39%
% of state total	7.1%	8.7%	9.2%	9.7%	7.9%		
% of region total revenue			37.5%	18.1%	44.4%		
Eastern	70,856,968	3,923,881,008	1,596,540,434	721,384,933	1,605,955,641	1.81%	4.41%
% of state total	8.6%	11.2%	13.0%	12.8%	9.5%		
% of region total revenue			40.7%	18.4%	40.9%		
State Totals	826,262,777	34,933,137,076	12,302,961,840	5,642,765,744	16,987,409,492	2.37%	4.86%
% of region total revenue			35.2%	16.2%	48.6%		

Source: Washington State Department of Health, Hospital Financial Data Year-end Reports, FY 2009.

## *Rural and Urban Area Charity Care*

Historically rural<sup>4</sup> hospitals tend to provide less charity care than their urban counterparts and they tend to be more dependent on Medicare and Medicaid, as shown in Table 5. Most rural hospitals are small. Two-thirds have fewer than 50 available beds.

In fiscal year 2009, charity care was less than one percent of total revenue (and less than two percent of adjusted revenue) for 9 of the 43 rural hospitals. Among the four categories of urban and rural hospitals, large town rural hospitals provided the most charity care as a percentage of adjusted revenue (5.6 percent) during FY 2009. Rural hospitals derived 56 percent of their total revenue from Medicare and Medicaid discounted payments in FY 2009. This indicated a more limited base for shifting charity care charges to other payers in rural hospitals than in urban hospitals, which have 51 percent Medicare/Medicaid payment. The entire listing by hospital is in Appendix 3.

<sup>4</sup> “Rural” is defined in this report as outside the boundaries of a Metropolitan Statistical Area. Three general types of rural areas reflect the relative isolation from principal health care delivery sites experienced by the resident population:

1. **Small town/isolated rural**, which are areas with a population less than 10,000
2. **Rural urban fringe**, which are areas not urbanized but 30% of the population commute to an urban area
3. **Large town**, which are rural areas with a population between 10,000 and 50,000

**Table 5. Rural/Urban Charity Care, FY 2009**

2009	Charity Care % of Total Revenue	Charity Care % of Adjusted Revenue	Medicare & Medicaid as a % of Total Revenue
Rural Hospitals (43)	2.41%	5.55%	56.45%
Small Town/Isolated Rural (25)	2.21%	5.74%	61.49%
Rural Urban Fringe (4)	1.72%	4.05%	57.49%
Large Town (14)	2.53%	5.59%	54.76%
Urban (51)	2.36%	4.81%	50.91%
All Hospitals (94)	2.37%	4.86%	51.36%
<i>Source: Washington State Department of Health, Hospital Financial Data Year-end Reports, FY 2009</i>			

## Poverty and Uncompensated Care

Uncompensated care (including both charity care and bad debt) tends to go to those who are the most financially needy. Table 6 shows the total uncompensated care delivered by county in FY 2009 as compared to the percentage of the county population in poverty. The poverty figures come from the U.S. Census Bureau<sup>5</sup>. The average amount of uncompensated care per person by county is also displayed. Generally, the largest amounts of uncompensated care are in urban areas where the large hospitals are located. There does not appear to be a strong relationship between the poverty percentages and average amount of uncompensated care.

**Table 6. 2009 Uncompensated Care by Hospitals in the County Compared to Poverty<sup>1</sup>**

County/Region	County Population	Charity Care	Bad Debt	Uncompensated =		Estimated Count Below Poverty	Avg Uncomp \$ per Person in Poverty
				Charity + Bad Debt	Poverty Percent		
King County	1,909,300	344,740,137	273,730,842	618,470,979	9.8	184,782	3,347
Clallam	69,500	3,414,670	6,132,364	9,547,034	14.3	9,986	956
Island	80,300	1,811,850	3,672,552	5,484,402	7.8	6,173	888
Jefferson	29,000	3,918,488	2,970,328	6,888,816	13.7	3,992	1,726
Kitsap	247,600	14,778,329	14,459,938	29,238,267	8.4	19,529	1,497
Pierce	813,600	98,027,557	150,273,939	248,301,496	12.3	95,421	2,602
San Juan	16,300	No Hospital in the County			9.9	1,520	-
Skagit	118,900	9,908,436	17,315,498	27,223,934	11.1	13,060	2,085
Snohomish	704,300	60,564,288	53,215,205	113,779,493	9.7	66,458	1,712
Whatcom	193,100	15,411,146	13,630,166	29,041,312	15.5	30,351	957
Puget Sound Region	2,272,600	207,834,764	261,669,990	469,504,754		246,490	1,905
Clark	431,200	55,026,879	47,982,338	103,009,217	11.8	50,559	2,037
Cowlitz	99,600	19,618,278	8,075,297	27,693,575	16.0	16,023	1,728
Grays Harbor	71,200	3,925,166	15,013,273	18,938,439	19.3	13,312	1,423
Klickitat	20,200	587,195	1,639,496	2,226,691	18.0	3,675	606
Lewis	75,200	24,223,042	4,890,169	29,113,211	15.1	11,108	2,621
Mason	56,800	3,711,755	5,878,881	9,590,636	15.9	8,839	1,085
Pacific	21,800	1,061,941	1,741,855	2,803,796	17.9	3,768	744
Skamania	10,800	No Hospital in the County			12.4	1,343	-
Thurston	249,800	35,651,272	24,002,804	59,654,076	11.1	27,352	2,181
Wahkiakum	4,100	No Hospital in the County			13.0	517	-
Southwest Region	1,040,700	143,805,528	109,224,113	253,029,641		136,496	1,854
Benton	169,300	22,125,028	11,210,675	33,335,703	11.3	18,938	1,760
Chelan	72,600	9,443,022	6,247,121	15,690,143	13.0	9,309	1,685
Douglas	37,600	No Hospital in the County			14.6	5,453	-
Franklin	72,700	2,862,579	4,532,884	7,395,463	17.3	13,107	564
Grant	86,100	2,270,062	6,945,460	9,215,522	18.6	16,169	570
Kittitas	39,900	1,138,851	2,584,698	3,723,549	20.6	7,545	494
Okanogan	40,500	1,546,539	4,188,553	5,735,092	18.6	7,435	771
Yakima	238,400	19,639,299	14,330,919	33,970,218	22.0	51,725	657
Central Region	757,100	59,025,380	50,040,310	109,065,690		129,681	841
Adams	18,000	1,318,242	1,407,814	2,726,056	18.2	3,199	852
Asotin	21,500	1,349,919	1,577,948	2,927,867	15.0	3,189	918
Columbia	4,100	47,564	165,000	212,564	14.1	562	378
Ferry	7,800	138,839	106,206	245,045	19.9	1,486	165
Garfield	2,250	1,702	166,982	168,684	14.3	295	572
Lincoln	10,450	395,760	808,816	1,204,576	14.2	1,441	836
Pend Oreille	12,900	478,784	1,208,492	1,687,276	18.7	2,402	702
Spokane	465,000	53,237,221	44,829,087	98,066,308	14.8	67,264	1,458
Stevens	44,000	3,153,565	1,771,865	4,925,430	16.0	6,720	733
Walla Walla	59,200	9,667,462	4,532,361	14,199,823	17.8	9,698	1,464
Whitman	43,300	1,067,910	1,353,954	2,421,864	25.6	9,561	253
Eastern Region	688,500	70,856,968	57,928,525	128,785,493		105,817	1,217
Washington State	6,668,200	826,262,777	752,593,780	1,578,856,557		803,266	1,966

<sup>1</sup> Source: U.S. Census Bureau, Data Integration Division, Small Area Estimates Branch, Small Area Income & Poverty Estimates for 2009  
<http://www.census.gov/did/www/saiep/county.html>

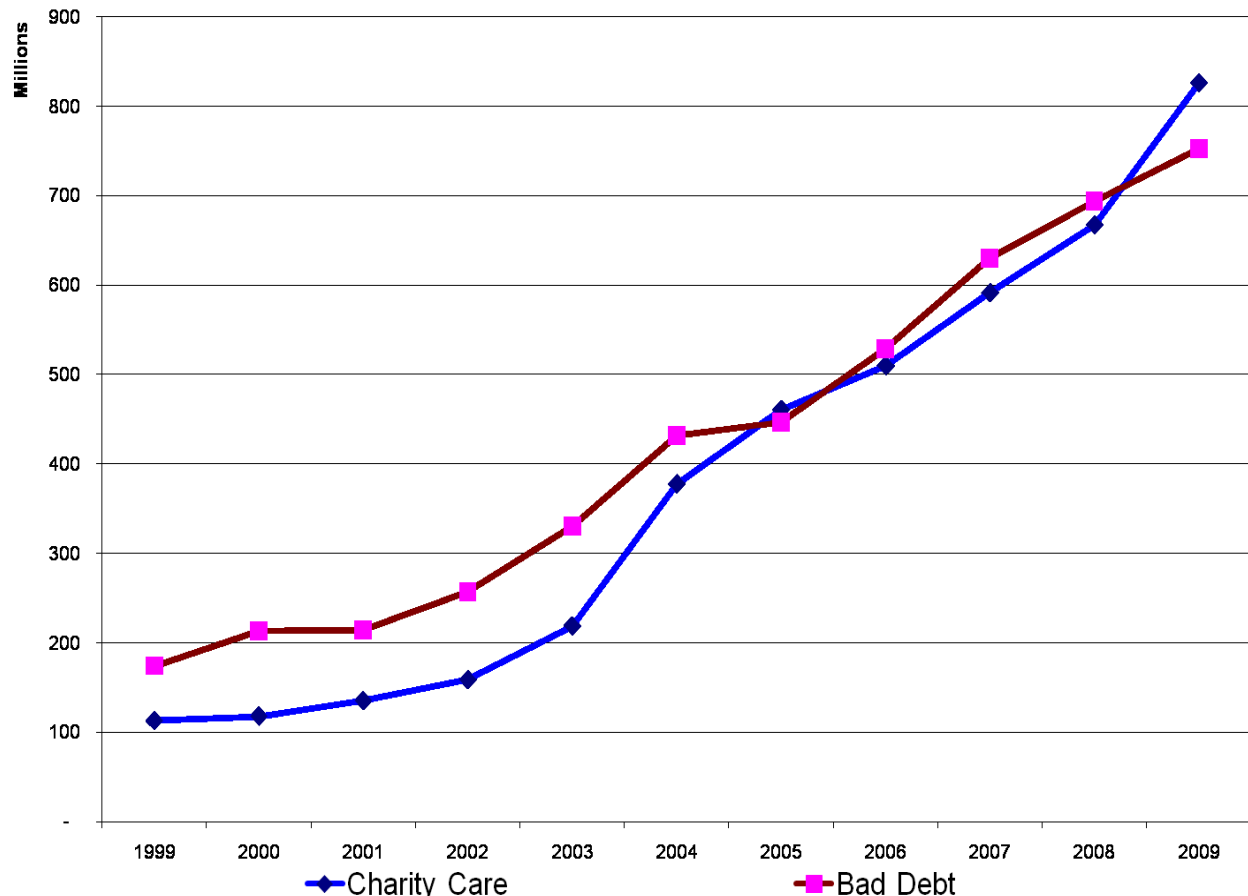


## ***Bad Debt, Charity Care, and Uncompensated Care***

Bad debt occurs when patients are unwilling to settle their bills, rather than being financially unable to do so. Taken together, bad debt and charity care provide a more complete picture of uncompensated care than either category alone.

Both charity care and bad debt have been increasing considerably in recent years. Both have more than doubled since 2003. Bad debt has increased slightly less than charity care, and the gap between the two has decreased in the last year. These trends are shown in the Figure 3 below:

**Figure 3. Uncompensated Care in Washington**

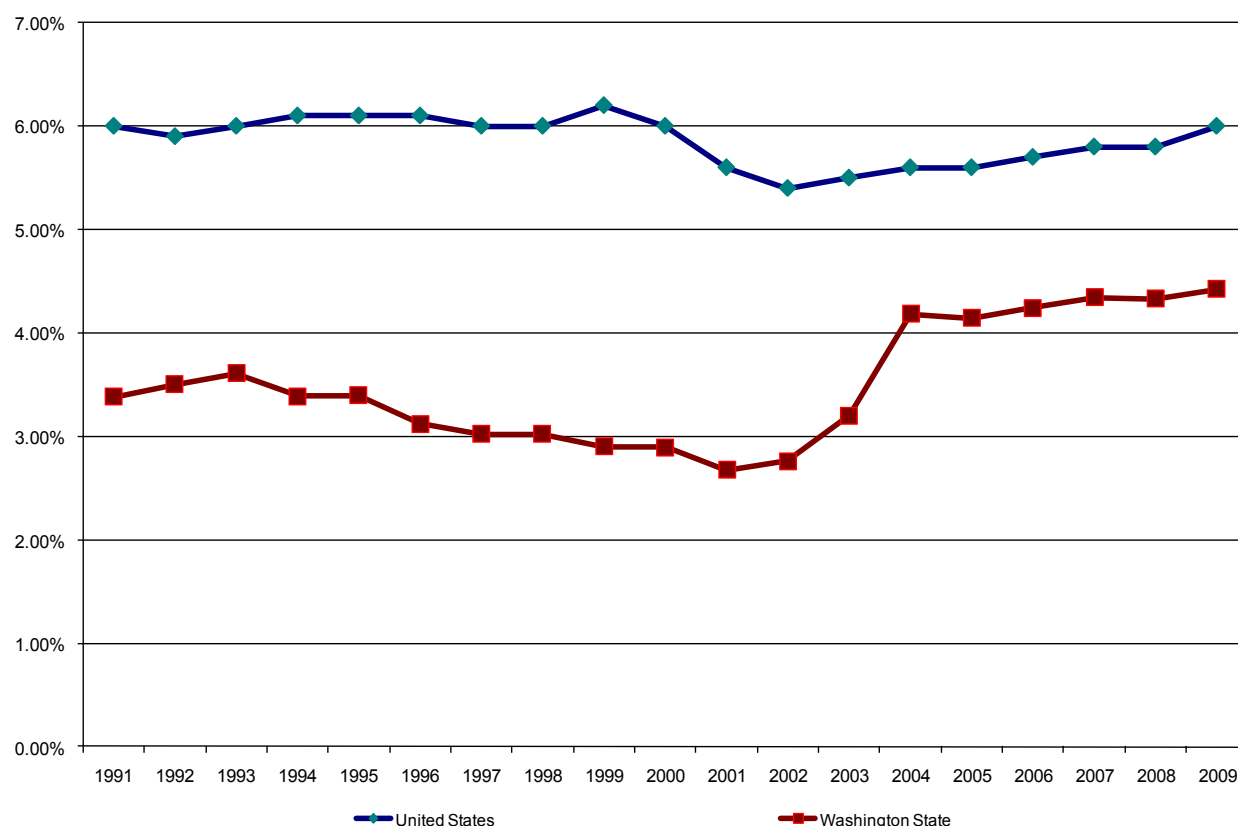


Until 2004, Washington hospitals' uncompensated care costs were generally well below the national average. After 2004 Washington hospitals' uncompensated care was much closer to the national figures. The reasons for this growth might be increased need for charity care, a change in accounting and reporting practices, or public policy changes. The Washington and national rates are shown in Figure 4. Uncompensated care was used instead of charity care because national data on charity care alone is unavailable. The uncompensated care costs national information is from the American Hospital Association (AHA) Uncompensated Hospital Care Cost Fact Sheet. The Washington data was calculated using the same formula as the AHA report.

<http://www.aha.org/aha/content/2010/pdf/10uncompensatedcare.pdf>



**Figure 4. Uncompensated Care as Percent of Adjusted Total Expense**



## Charity Care Budget Projections

In accordance with state statute, hospitals submit a projected annual budget to DOH prior to the start of their fiscal year. Included in their budgets are projections for their anticipated total charges for charity care for the next fiscal year, in this case FY 2010. Table 7 compares projected to actual charity care for the fiscal years 2006 to 2009.

**Table 7. Summary Data of Actual and Projected Charges for Charity Care, Washington Hospitals, FY 2006 – 2010**

All Hospitals	2006	2007	2008	2009	2010
Projected Charity	\$449,245,359	\$513,892,846	\$510,452,058	\$599,001,217	\$619,827,765
% Change from Previous Year	24.6%	14.4%	14.4%	17.3%	3.5%
Actual Charity	\$509,804,328	\$591,535,086	\$667,566,460	\$824,865,292	
% Change from Previous Year	10.6%	16.0%	12.9%	23.6%	

Source: Washington State Department of Health, Hospital Financial Data Annual Budgets FY 2006-2010 and Year-end Report FY 2006-2009.

Most hospitals' fiscal year 2009 charity care projections are based on an analysis performed during their budget process. These analyses usually take into account the following factors:

- A hospital's historical fiscal years financial data and its most recent year-to-date total number of patients and patient charges;
- Planned price changes;

- Projected volume changes;
- Known usage factors (including the area's economy and demographics);
- Hospital budget constraints; and
- A hospital's mission or statement to support the community.

## **How Hospitals Verify Need for Charity Care**

Many hospitals state, as part of their missions, that they will serve the poor and underserved. Hospitals may restrict their uncompensated health care programs to individuals unable to access entitlement programs such as Medicaid, unable to pay for medical obligations, or to those with limited financial resources. These individuals may include the recently unemployed, those employed but without employer-provided health insurance, those whose health insurance requires significant deductibles or co-payments, single parents, those recently or currently experiencing a divorce, transients or those without a permanent address, students, as well as their spouses and dependents, retired people not yet eligible for Medicare, and elderly who have limited or no Medicare supplemental insurance coverage.

As required by RCW 70.170.060(5), every hospital has a charity care policy on file with the department that states the hospital's procedure to determine and verify the income information supplied by people applying for uncompensated health care services. The hospital's charity care policy must be applied consistently and equitably so that no patient is denied charity health care based upon race, creed, color, sex, national origin, sexual orientation, disability, age, or source of income. The steps that hospitals generally use to determine eligibility or verify applicant information include:

1. Hospital identifies any uninsured, underinsured, or self-pay patients.
2. Patient completes application/determination of eligibility form.
3. Patient completes financial statement that includes income, assets, and liabilities. Patient supplies documentation of resources (e.g., W-2, pay stubs, tax forms), and outstanding obligations (e.g., bank statements, loan documents).
4. Hospital considers federal poverty guidelines and family size (See Appendix 5).
5. Hospital verifies third-party coverage, if indicated.
6. Designated hospital staff interviews patient to assess the patient's ability to pay in full, ability to pay reasonable monthly installments, and qualification for charity care.
7. Hospital attempts to secure federal, state, or local funding, if appropriate.
8. After the hospital makes an initial determination of insufficient funds, income and health care benefits, the claim becomes eligible for final review, sometimes by a senior manager and sometimes by a committee composed of hospital staff. Occasionally hospital board members serve on these committees.

## **How Hospitals Notify the Public about Charity Care**

In general, hospitals provide information to their customers on charity care, as well as applications for assistance, at the time of registration, in their emergency rooms, and in fiscal services offices. These applications may also be included in a patient's admission packet or with itemized bills that the hospital mails to a patient after discharge. Hospitals also provide applications for assistance upon a patient's request. Many hospitals publish brochures or pamphlets describing the availability of charity care and identifying the criteria for qualification. Some hospitals offer individual counseling at the time of pre-admission or during the collection process and determine an individual's degree of financial resources. Signs may be posted in English and in other languages commonly used in the hospital's service area explaining available charity care services. These signs are usually located in the admitting and emergency entrance areas of the hospital. Hospitals also publish annual notices in local or area newspapers describing charity care programs.

## **Charity Care in Comprehensive Hospital Abstract Reporting System**

The hospital financial data base that collects charity care information does not have patient level information. We do not know the age group of these patients or what type of illnesses for which they were hospitalized or treated. To help understand this we can use data from our Comprehensive Hospital Abstract Reporting System (CHARS) which is collected under RCW 43.70.052. Using this system DOH collects patient discharge records about inpatient stays in community hospitals. One of the elements reported is the primary payer code including charity care, self-pay, Medicare, or Medicaid among others. While not all hospitals report charity care cases under this system, enough do that we may make some comparisons.

In Table 8 below we group patients by age and by payer category. Medicaid covers many people 0-17 and mothers and disabled people between 18 and 64 who are otherwise uninsured. Medicare covers most people over 65. Most charity care patients should be people not covered by Medicaid or by Medicare and so should be between the ages of 18 to 64. In 2009, 89 percent of the charity care patients were between the ages of 18 and 64 and 42 percent of those were female. As a comparison only 65 percent of commercial insurance patients were between 18 and 64 and 61 percent were female.

The data shown in Table 8 includes primary payer and does not count patients who have a partial write-off to charity care after another payer has made a partial payment. The department's hospital reporting system requires hospitals to report the primary payer, but not the secondary or tertiary payer. As a result, information about how the balances of charges were paid may not be reported.

**Table 8. CHARS Age Breakdown by Payer**

2009 Age Breakdown by Payer							
Age Category	Medicare	Medicaid	Commercial Type	Other Government	Self Pay	Charity	Total
0-17	136	50,289	64,893	3,030	996	432	119,776
18-64	42,921	80,186	179,861	13,012	16,393	4,670	337,043
65+	160,861	1,770	31,853	986	416	171	196,057
<b>Total</b>	<b>203,918</b>	<b>132,245</b>	<b>276,607</b>	<b>17,028</b>	<b>17,805</b>	<b>5,273</b>	<b>652,876</b>
2009 Percent of Payer Total							
0-17	0.1%	38.0%	23.5%	17.8%	5.6%	8.2%	18.3%
18-64	21.0%	60.6%	65.0%	76.4%	92.1%	88.6%	51.6%
65+	78.9%	1.3%	11.5%	5.8%	2.3%	3.2%	30.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
2008 by Payer Count							
<b>Total</b>	<b>203,621</b>	<b>130,658</b>	<b>279,794</b>	<b>16,048</b>	<b>18,294</b>	<b>3,929</b>	<b>652,344</b>
2008 Percent of Payer Total							
0-17	0.1%	39.4%	23.8%	15.5%	7.4%	4.3%	18.7%
18-64	17.1%	58.9%	64.9%	77.1%	87.7%	93.3%	49.9%
65+	82.9%	1.8%	11.3%	7.4%	4.8%	2.4%	31.4%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

The type of illnesses charity care patients are treated for compared to the general populations is shown in Table 9 which is a listing of Medicare Severity Diagnosis Related Group (MS-DRG) for charity, self payer, and the all other payers combined. Charity care and self-pay patients tend to need hospital care for conditions that happened because of postponement of or lack of primary care.

**Table 9. Top 10 Diagnosis Related Groups by selected Payers**

Top Ten 2009 Full Year MS-DRG Payer Charity Care			
MS-DRG	MS-DRG Title	Count	Percent of Total
603	Cellulitis without major complications and comorbidities	266	5.0%
795	Normal newborn	137	2.6%
392	Esophagitis, gastroent and miscellaneous digest disorders without major complications and comorbidities	128	2.4%
343	Appendectomy without complicated principal diagnosis without complications and comorbidities or major complications and comorbidities	123	2.3%
775	Vaginal delivery without complicating diagnosis	119	2.3%
897	Alcohol or drug abuse or dependence without rehabilitation therapy without major complications and comorbidities	105	2.0%
918	Poisoning and toxic effects of drugs without major complications and comorbidities	78	1.5%
313	Chest pain	76	1.4%
494	Lower extremity and humer procedure except hip, foot, femur without complications and comorbidities or major complications and comorbidities	76	1.4%
195	Simple pneumonia and pleurisy without complications and comorbidities or major complications and comorbidities	72	1.4%
	<b>Top Ten Total</b>	<b>1,180</b>	<b>22.4%</b>
	<b>Total Discharges</b>	<b>5,273</b>	

Top Ten 2009 Full Year MS-DRG Payer Self-Pay			
MS-DRG	MS-DRG Title	Count	Percent of Total
603	Cellulitis without major complications and comorbidities	791	4.4%
392	Esophagitis, gastroent and miscellaneous digest disorders without major complications and comorbidities	571	3.2%
885	Psychoses	445	2.5%
918	Poisoning and toxic effects of drugs without major complications and comorbidities	404	2.3%
343	Appendectomy without complicated principal diagnosis without complications and comorbidities or major complications and comorbidities	403	2.3%
897	Alcohol or drug abuse or dependence without rehabilitation therapy without major complications and comorbidities	398	2.2%
313	Chest pain	391	2.2%
795	Normal newborn	341	1.9%
419	Laparoscopic cholecystectomy without complications and comorbidities or major complications and comorbidities	316	1.8%
639	Diabetes without complications and comorbidities or major complications and comorbidities	253	1.4%
	Top Ten Total	4,313	24.2%
	Total Discharges	17,805	

Top Ten 2009 Full Year All Payers Except Self-Pay and Charity Care			
MS-DRG	MS-DRG Title	Count	Percent of Total
795	Normal newborn	60,469	9.6%
775	Vaginal delivery without complicating diagnosis/noses	46,303	7.4%
470	Major joint replacement or reattachment of lower extremity without major complications and comorbidities	20,664	3.3%
766	Cesarean section without complications and comorbidities or major complications and comorbidities	15,829	2.5%
794	Neonate w other significant problems	13,409	2.1%
885	Psychoses	12,268	1.9%
871	Septicemia or severe sepsis without Mechanical Ventilation 96+ hours with major complications and comorbidities	9,585	1.5%
392	Esophagitis, gastroent and misc digest disorders without major complications and comorbidities	9,344	1.5%
743	Uterine and adnexa proc for non-malignancy without complications and comorbidities or major complications and comorbidities	8,810	1.4%
765	Cesarean section w complications and comorbidities or major complications and comorbidities	8,646	1.4%
	Top Ten Total	205,327	32.6%
	Total Discharges	629,798	

# Appendices

## **Appendix 1**

**Link to Washington State Legislative Laws and Rules concerning Charity Care**

**Charity Care Laws: RCW 70.170**

**<http://apps.leg.wa.gov/RCW/default.aspx?cite=70.170>**

**Hospital Charity Care Rules: WAC 246-453**

**<http://apps.leg.wa.gov/WAC/default.aspx?cite=246-453&full=true>**

## Appendix 2

### TOTAL REVENUE, ADJUSTED REVENUE, AND AMOUNT OF CHARITY CARE AS A PERCENT OF TOTAL REVENUE AND ADJUSTED REVENUE FOR WASHINGTON HOSPITALS WITH FISCAL YEARS ENDING DURING CALENDAR YEAR 2009

ADJUSTED REVENUE FOR WASHINGTON HOSPITALS WITH FISCAL YEARS ENDING DURING CALENDAR YEAR 2007								
		REVENUE CATEGORIES (DOLLARS)						
LIC NO.	REGION /HOSPITAL	TOTAL REVENUE	(LESS) MEDICARE REVENUE	(LESS) MEDICAL ASSISTANCE REVENUE	ADJUSTED REVENUE	CHARITY CARE	CHARITY CARE	
							% OF TOTAL REV	% OF ADJ REV
KING COUNTY (N=20)								
183	Auburn Regional Medical Center	374,976,729	105,686,439	42,243,300	227,046,990	2,662,697	0.71%	1.17%
904	BHC Fairfax Hospital	71,632,246	8,843,928	26,453,500	36,334,818	1,640,021	2.29%	4.51%
35	Enumclaw Community Hospital	95,998,806	9,453,177	5,110,663	81,434,966	2,105,442	2.19%	2.59%
164	Evergreen Hospital Medical Center	760,469,787	262,175,427	58,097,328	440,197,032	9,781,713	1.29%	2.22%
29	Harborview Medical Center	1,323,369,000	353,942,000	293,205,000	676,222,000	155,174,000	11.73%	22.95%
126	Highline Community Hospital	568,571,627	225,520,164	108,232,035	234,819,428	6,964,191	1.22%	2.97%
148	Kindred Hospital Seattle	45,621,109	26,682,335	3,113,006	15,825,768	0	0.00%	0.00%
919	Navos (West Seattle Psychiatric Hospital)	11,341,186	4,690,177	5,739,512	911,497	233,761	2.06%	25.65%
130	Northwest Hospital	602,564,544	276,655,271	34,572,396	291,336,877	7,830,616	1.30%	2.69%
131	Overlake Hospital Medical Center	849,937,420	245,298,435	22,307,841	582,331,144	8,360,701	0.98%	1.44%
202	Regional Hospital for Resp/Complex Care	42,650,927	20,772,985	2,698,515	19,179,427	18,656	0.04%	0.10%
201	Saint Francis Community Hospital	641,159,978	161,558,031	89,307,017	390,294,930	14,164,375	2.21%	3.63%
204	Seattle Cancer Care Alliance	360,006,981	92,126,623	40,298,825	227,581,533	2,349,793	0.65%	1.03%
14	Seattle Children's Hospital	1,014,955,000	16,561,491	437,473,350	560,920,159	19,305,000	1.90%	3.44%
195	Snoqualmie Valley Hospital	20,945,592	9,145,491	2,272,863	9,527,238	529,200	2.53%	5.55%
1	Swedish Health Services	2,499,120,218	774,417,636	316,746,555	1,407,956,027	43,269,942	1.73%	3.07%
3	Swedish Medical Center - Cherry Hill	995,990,224	490,184,902	96,115,087	409,690,235	20,748,838	2.08%	5.06%
128	University of Washington Medical Center	1,269,926,036	356,215,201	215,721,040	697,989,795	18,650,391	1.47%	2.67%
155	Valley Medical Center - Renton	895,926,107	284,688,991	137,343,563	473,893,553	14,124,290	1.58%	2.98%
10	Virginia Mason Medical Center	1,433,932,402	412,589,756	52,120,270	969,222,376	16,826,510	1.17%	1.74%
KING COUNTY TOTALS		13,879,095,919	4,137,208,460	1,989,171,666	7,752,715,793	344,740,137	2.48%	4.45%
PUGET SOUND REGION (Less King Co. N=19)								
106	Cascade Valley Hospital	79,609,564	28,370,358	16,777,497	34,461,709	1,065,036	1.34%	3.09%
54	Forks Community Hospital	27,046,792	5,601,481	7,474,832	13,970,479	647,719	2.39%	4.64%
81	Good Samaritan Hospital	800,157,272	335,766,564	116,796,491	347,594,217	16,305,628	2.04%	4.69%
142	Harrison Memorial Hospital	677,786,911	329,290,917	88,376,925	260,119,069	14,778,330	2.18%	5.68%
134	Island Hospital	134,482,510	48,659,858	7,646,101	78,176,551	1,024,284	0.76%	1.31%
85	Jefferson Healthcare	99,643,589	49,649,067	13,594,905	36,399,617	3,918,488	3.93%	10.77%
175	Mary Bridge Children's Health Center	449,757,234	780,653	254,520,292	194,456,289	1,320,185	0.29%	0.68%
38	Olympic Memorial Hospital	216,479,407	114,378,339	24,841,035	77,260,033	2,766,951	1.28%	3.58%
145	PeaceHealth Saint Joseph Hospital - Bellingham	671,228,401	315,324,892	97,825,724	258,077,785	15,411,146	2.30%	5.97%
84	Providence Regional Medical Center - Everett	1,359,061,903	549,478,624	176,559,701	633,023,578	44,663,363	3.29%	7.06%
209	Saint Anthony Hospital	65,873,250	23,980,028	4,829,859	37,063,363	414,585	0.63%	1.12%
132	Saint Clare Hospital	494,038,469	157,495,141	98,594,899	237,948,429	21,538,705	4.36%	9.05%
32	Saint Joseph Medical Center - Tacoma	1,729,873,408	587,483,845	247,025,012	895,364,551	32,660,784	1.89%	3.65%
207	Skagit Valley Hospital	428,803,301	171,176,660	75,246,286	182,380,355	6,440,416	1.50%	3.53%
138	Swedish Edmonds	443,704,896	182,496,141	66,543,932	194,664,823	8,968,352	2.02%	4.61%
176	Tacoma General Allenmore Hospital	1,804,697,780	627,899,656	364,901,190	811,896,934	25,787,670	1.43%	3.18%
206	United General Hospital	84,268,891	28,819,280	14,503,100	40,946,511	2,443,736	2.90%	5.97%
104	Valley General Hospital - Monroe	97,533,225	25,024,612	6,968,205	65,540,408	5,867,536	6.02%	8.95%
156	Whidbey General Hospital	145,267,264	65,418,823	11,156,414	68,692,027	1,811,850	1.25%	2.64%
PUGET SOUND REGION TOTALS		9,809,314,067	3,647,094,939	1,694,182,400	4,468,036,728	207,834,764	2.12%	4.65%



**TOTAL REVENUE, ADJUSTED REVENUE, AND AMOUNT OF CHARITY CARE AS A PERCENT OF TOTAL REVENUE AND  
ADJUSTED REVENUE FOR WASHINGTON HOSPITALS WITH FISCAL YEARS ENDING DURING CALENDAR YEAR 2009**

LIC NO.	REGION /HOSPITAL	REVENUE CATEGORIES (DOLLARS)					CHARITY CARE	
		TOTAL REVENUE	(LESS)	MEDICAL	ADJUSTED REVENUE	CHARITY CARE	% OF	% OF
			MEDICARE REVENUE	ASSISTANCE REVENUE			TOTAL REV	ADJ REV
SOUTHWEST WASHINGTON REGION (N=14)								
197	Capital Medical Center	244,558,023	86,009,355	15,750,796	142,797,872	2,052,921	0.84%	1.44%
63	Grays Harbor Community Hospital	279,460,363	108,453,761	50,095,635	120,910,967	3,423,464	1.23%	2.83%
8	Klickitat Valley Hospital	25,380,072	9,531,468	3,556,984	12,291,620	485,717	1.91%	3.95%
208	Legacy Salmon Creek Hospital	369,804,428	116,697,560	87,223,797	165,883,071	15,070,778	4.08%	9.09%
186	Mark Reed Hospital	18,757,410	5,510,448	4,870,232	8,376,730	501,702	2.67%	5.99%
152	Mason General Hospital	120,758,347	48,823,721	25,724,837	46,209,789	3,711,755	3.07%	8.03%
173	Morton General Hospital	21,715,497	8,213,272	2,831,785	10,670,440	263,941	1.22%	2.47%
79	Ocean Beach Hospital	35,678,463	20,834,490	3,562,008	11,281,965	519,350	1.46%	4.60%
26	PeaceHealth Saint John Medical Center	433,353,183	193,826,481	74,829,557	164,697,145	19,618,278	4.53%	11.91%
191	Providence Centralia Hospital	354,330,415	173,870,727	61,621,254	118,838,434	23,959,101	6.76%	20.16%
159	Providence Saint Peter Hospital	1,137,768,435	550,062,380	140,473,556	447,232,499	33,598,351	2.95%	7.51%
96	Skyline Hospital	23,315,854	8,386,445	4,431,556	10,497,853	101,478	0.44%	0.97%
170	Southwest Medical Center	1,208,988,845	448,334,360	211,105,944	549,548,541	39,956,101	3.30%	7.27%
56	Willapa Harbor Hospital	16,841,323	8,434,025	2,553,577	5,853,721	542,591	3.22%	9.27%
SOUTHWEST WASH REGION TOTALS		4,290,710,658	1,786,988,493	688,631,518	1,815,090,647	143,805,528	3.35%	7.92%
CENTRAL WASHINGTON REGION (N=21)								
158	Cascade Medical Center	10,243,857	3,973,756	216,450	6,053,651	315,287	3.08%	5.21%
168	Central Washington Hospital	334,760,162	167,687,043	52,328,021	114,745,098	6,976,487	2.08%	6.08%
45	Columbia Basin Hospital	16,313,682	5,524,827	4,988,545	5,800,310	94,373	0.58%	1.63%
150	Coulee Community Hospital	24,894,803	8,361,620	5,117,402	11,415,781	252,349	1.01%	2.21%
161	Kadlec Medical Center	561,257,797	222,598,140	81,545,857	257,113,800	15,834,739	2.82%	6.16%
39	Kennewick General Hospital	265,878,076	91,012,194	62,072,020	112,793,862	5,541,597	2.08%	4.91%
140	Kittitas Valley Hospital*	78,384,547	25,731,963	9,590,961	43,061,623	1,138,851	1.45%	2.64%
165	Lake Chelan Community Hospital	24,452,313	8,768,173	1,950,651	13,733,489	147,002	0.60%	1.07%
915	Lourdes Counseling Center	28,353,473	4,884,993	13,975,375	9,493,105	161,468	0.57%	1.70%
22	Lourdes Medical Center	187,124,422	63,402,435	38,684,150	85,037,837	2,862,579	1.53%	3.37%
147	Mid Valley Hospital	48,016,225	17,782,004	12,195,126	18,039,095	676,166	1.41%	3.75%
107	North Valley Hospital	23,804,525	8,329,662	7,010,205	8,464,658	386,263	1.62%	4.56%
23	Okanogan-Douglas Hospital	25,710,494	9,738,289	4,086,846	11,885,359	484,110	1.88%	4.07%
46	Prosser Memorial Hospital**	28,502,890	7,695,780	9,405,954	11,401,156	587,224	2.06%	5.15%
129	Quincy Valley Hospital	12,685,212	3,091,810	2,032,863	7,560,539	69,078	0.54%	0.91%
78	Samaritan Hospital	118,721,313	36,402,833	15,180,732	67,137,748	1,854,262	1.56%	2.76%
198	Sunnyside Community Hospital	66,794,756	14,396,637	27,357,259	25,040,860	970,701	1.45%	3.88%
199	Toppenish Community Hospital	68,707,707	9,961,956	22,580,581	36,165,170	937,904	1.37%	2.59%
205	Wenatchee Valley Hospital	126,212,040	48,496,695	13,621,986	64,093,359	2,004,246	1.59%	3.13%
102	Yakima Regional Medical Center	349,784,008	124,434,284	50,047,056	175,302,668	4,685,608	1.34%	2.67%
58	Yakima Valley Memorial Hospital	629,533,122	252,854,420	115,407,187	261,271,515	13,045,086	2.07%	4.99%
CENTRAL WASH REGION TOTALS		3,030,135,424	1,135,129,514	549,395,227	1,345,610,683	59,025,380	1.95%	4.39%

**TOTAL REVENUE, ADJUSTED REVENUE, AND AMOUNT OF CHARITY CARE AS A PERCENT OF TOTAL REVENUE AND  
ADJUSTED REVENUE FOR WASHINGTON HOSPITALS WITH FISCAL YEARS ENDING DURING CALENDAR YEAR 2009**

LIC NO.	REGION /HOSPITAL	REVENUE CATEGORIES (DOLLARS)					CHARITY CARE	
		TOTAL REVENUE	(LESS)	MEDICAL	ADJUSTED REVENUE	CHARITY CARE	% OF	% OF
			MEDICARE REVENUE	ASSISTANCE REVENUE			TOTAL REV	ADJ REV
EASTERN WASHINGTON REGION (N=20)								
141	Dayton General Hospital	9,628,882	3,560,449	2,420,263	3,648,170	47,564	0.49%	1.30%
37	Deaconess Medical Center	583,613,013	201,632,015	113,276,906	268,704,092	9,092,830	1.56%	3.38%
111	East Adams Rural Hospital	5,896,184	2,919,602	618,541	2,358,041	25,740	0.44%	1.09%
167	Ferry County Memorial Hospital	9,861,038	3,610,501	1,615,664	4,634,873	138,839	1.41%	3.00%
82	Garfield County Memorial Hospital	6,148,869	2,302,068	1,598,671	2,248,130	1,702	0.03%	0.08%
137	Lincoln Hospital	24,092,557	9,962,640	4,427,835	9,702,082	350,064	1.45%	3.61%
21	Newport Community Hospital	30,221,870	10,230,636	8,785,429	11,205,805	478,784	1.58%	4.27%
80	Odessa Memorial Hospital	4,088,254	1,159,738	1,480,095	1,448,421	45,696	1.12%	3.15%
125	Othello Community Hospital	32,832,527	4,753,370	14,166,063	13,913,094	1,292,502	3.94%	9.29%
139	Providence Holy Family Hospital	475,886,198	198,099,362	96,642,209	181,144,627	15,416,570	3.24%	8.51%
193	Providence Mount Carmel Hospital	59,421,520	35,080,278	11,266,712	13,074,530	1,101,771	1.85%	8.43%
162	Providence Sacred Heart Medical Center	1,809,973,505	766,642,791	355,097,767	688,232,947	25,248,094	1.39%	3.67%
194	Providence Saint Joseph's Hospital of Chewc	36,828,454	21,065,607	9,491,964	6,270,883	2,051,794	5.57%	32.72%
50	Providence Saint Mary Medical Center	284,483,256	108,472,845	28,038,957	147,971,454	6,890,590	2.42%	4.66%
172	Pullman Regional Hospital	66,543,905	20,280,909	5,720,752	40,542,244	851,555	1.28%	2.10%
157	Saint Luke's Rehabilitation Institute	54,029,034	34,533,996	5,886,045	13,608,993	56,187	0.10%	0.41%
108	Tri-State Memorial Hospital*	86,215,343	53,227,278	6,622,481	26,365,584	1,349,919	1.57%	5.12%
180	Valley Hospital and Medical Center	204,781,600	64,111,852	36,164,827	104,504,921	3,423,540	1.67%	3.28%
43	Walla Walla General Hospital	106,164,142	37,797,702	15,163,015	53,203,425	2,776,872	2.62%	5.22%
153	Whitman Community Hospital	33,170,857	17,096,795	2,900,737	13,173,325	216,355	0.65%	1.64%
EASTERN WASH REGION TOTALS		3,923,881,008	1,596,540,434	721,384,933	1,605,955,641	70,856,968	1.81%	4.41%
STATEWIDE TOTALS (N=94)		34,933,137,076	12,302,961,840	5,642,765,744	16,987,409,492	826,262,777	2.37%	4.86%

\*estimated based on quarterly reports

\*\*estimated-based on preliminary year-end report

Source: Washington Department of Health

## Appendix 3

### Rural Definitions

“**Rural**” means geographic areas outside the boundaries of Metropolitan Statistical Areas. Three general types of rural areas reflect the relative isolation from principal health care delivery sites experienced by the resident population and include:

1. “**small town/isolated rural**,” which are areas with a population less than 10,000;
2. “**rural urban fringe**,” which are areas not urbanized but 30 percent of the population commute to an urban area; and
3. “**large town**,” which are rural areas with a population between 10,000 and 50,000.

RURAL HOSPITALS - TOTAL REVENUE ADJUSTED REVENUE AND AMOUNT OF CHARITY CARE AS A PERCENT OF TOTAL REVENUE AND ADJUSTED REVENUE FOR FISCAL YEAR ENDING DURING 2009											
Lic. #	Region/Hospital	CAH	Owner Type	Revenue Categories (Dollars)			Charity Care				
				Total Revenue	(Less) Medicare Revenue	Medicaid Revenue	Adjusted Revenue	Charity Care	% of Total Revenue	% of Adjusted Revenue	
					(Less)						
Small Town/Isolated Rural											
194	PROVIDENCE SAINT JOSEPHS HOSPITAL	CAH	Non Profit	36,828,454	21,065,607	9,491,964	6,270,883	2,051,794	5.57%	32.72%	
85	JEFFERSON HEALTHCARE HOSPITAL	CAH	District	99,643,588	49,649,067	13,594,905	36,399,616	3,918,488	3.93%	10.77%	
125	OTHELLO COMMUNITY HOSPITAL	CAH	District	32,832,527	4,753,370	14,166,063	13,913,094	1,292,502	3.94%	9.29%	
56	WILLAPA HARBOR HOSPITAL	CAH	District	16,841,323	8,434,025	2,553,577	5,853,721	542,591	3.22%	9.27%	
193	PROVIDENCE MOUNT CARMEL HOSPITAL	CAH	Non Profit	59,421,520	35,080,278	11,266,712	13,074,530	1,101,771	1.85%	8.43%	
158	CASCADE MEDICAL CENTER	CAH	District	10,243,857	3,973,756	216,450	6,053,651	315,287	3.08%	5.21%	
46	PROSSER MEMORIAL HOSPITAL	CAH	District	28,502,890	7,695,780	9,405,954	11,401,156	587,224	2.06%	5.15%	
54	FORKS COMMUNITY HOSPITAL	CAH	District	27,046,792	5,601,481	7,474,832	13,970,479	647,719	2.39%	4.64%	
79	OCEAN BEACH HOSPITAL	CAH	District	35,678,463	20,834,490	3,562,008	11,281,965	519,350	1.46%	4.60%	
107	NORTH VALLEY HOSPITAL	CAH	District	23,804,525	8,329,662	7,010,205	8,464,658	386,263	1.62%	4.56%	
23	OKANOGAN-DOUGLAS DISTRICT HOSPITAL	CAH	District	25,710,494	9,738,289	4,086,846	11,885,359	484,110	1.88%	4.07%	
8	KLUCKITAT VALLEY HOSPITAL	CAH	District	25,380,072	9,531,468	3,556,984	12,291,620	485,717	1.91%	3.95%	
147	MID VALLEY HOSPITAL	CAH	District	48,016,225	17,782,004	12,195,126	18,039,095	676,166	1.41%	3.75%	
137	LINCOLN HOSPITAL	CAH	District	24,092,557	9,962,640	4,427,835	9,702,082	350,064	1.45%	3.61%	
80	ODESSA MEMORIAL HOSPITAL	CAH	District	4,088,254	1,159,738	1,480,095	1,448,421	45,696	1.12%	3.15%	
167	FERRY COUNTY MEMORIAL HOSPITAL	CAH	District	9,861,038	3,610,501	1,615,664	4,634,873	138,839	1.41%	3.00%	
173	MORTON GENERAL HOSPITAL	CAH	District	21,715,497	8,213,272	2,831,785	10,670,440	263,941	1.22%	2.47%	
150	COULEE COMMUNITY HOSPITAL	CAH	District	24,894,803	8,361,620	5,117,402	11,415,781	252,349	1.01%	2.21%	
153	WHITMAN HOSPITAL AND MEDICAL CENTER	CAH	District	33,170,857	17,096,795	2,900,737	13,173,325	216,355	0.65%	1.64%	
45	COLUMBIA BASIN HOSPITAL	CAH	District	16,313,682	5,524,827	4,988,545	5,800,310	94,373	0.58%	1.63%	
141	DAYTON GENERAL HOSPITAL	CAH	District	9,628,882	3,560,449	2,420,263	3,648,170	47,564	0.49%	1.30%	
111	EAST ADAMS RURAL HOSPITAL	CAH	District	5,896,184	2,919,602	618,541	2,358,041	25,740	0.44%	1.09%	
165	LAKE CHELAN COMMUNITY HOSPITAL	CAH	District	24,452,313	8,768,173	1,950,651	13,733,489	147,002	0.60%	1.07%	
129	QUINCY VALLEY MEDICAL CENTER	CAH	District	12,685,212	3,091,810	2,032,863	7,560,539	69,078	0.54%	0.91%	
82	GARFIELD COUNTY MEMORIAL HOSPITAL	CAH	District	6,148,869	2,302,068	1,598,671	2,248,130	1,702	0.03%	0.08%	
Small Town/Isolated Rural				25	662,898,878	277,040,772	130,564,678	255,293,428	14,661,685	2.21%	5.74%
Rural Urban Fringe											
186	MARK REED HOSPITAL	CAH	District	18,757,410	5,510,448	4,870,232	8,376,730	501,702	2.67%	5.99%	
21	NEWPORT COMMUNITY HOSPITAL	CAH	District	30,221,870	10,230,636	8,785,429	11,205,805	478,784	1.58%	4.27%	
195	SNOQUALMIE VALLEY HOSPITAL	No	District	20,945,592	9,145,491	2,272,863	9,527,238	529,200	2.53%	5.55%	
106	CASCADE VALLEY HOSPITAL	No	District	79,609,564	28,370,358	16,777,497	34,461,709	1,065,036	1.34%	3.09%	
Rural Urban Fringe				4	149,534,436	53,256,933	32,706,021	63,571,482	2,574,722	1.72%	4.05%
Large Town											
152	MASON GENERAL HOSPITAL	CAH	District	120,758,347	48,823,721	25,724,837	46,209,789	3,711,755	3.07%	8.03%	
198	SUNNYSIDE COMMUNITY HOSPITAL	CAH	Non Profit	66,794,756	14,396,637	27,357,259	25,040,860	970,701	1.45%	3.88%	
140	KITTITAS VALLEY HOSPITAL	CAH	District	78,384,547	25,731,963	9,590,961	43,061,623	1,138,851	1.45%	2.64%	
156	WHIDBEY GENERAL HOSPITAL	CAH	District	145,267,264	65,418,823	11,156,414	68,692,027	1,811,850	1.25%	2.64%	
172	PULLMAN REGIONAL HOSPITAL	CAH	District	66,543,905	20,280,909	5,720,752	40,542,244	851,555	1.28%	2.10%	
96	SKYLINE HOSPITAL	CAH	District	23,315,854	8,386,445	4,431,556	10,497,853	101,478	0.44%	0.97%	
191	PROVIDENCE CENTRALIA HOSPITAL	No	Non Profit	354,330,415	173,870,727	61,621,254	118,838,434	23,959,101	6.76%	20.16%	
43	WALLA WALLA GENERAL HOSPITAL	No	Non Profit	106,164,142	37,797,702	15,163,015	53,203,425	2,776,872	2.62%	5.22%	
50	PROVIDENCE SAINT MARY MEDICAL CENTER	No	Non Profit	284,483,256	108,472,845	28,038,957	147,971,454	6,890,590	2.42%	4.66%	
38	OLYMPIC MEDICAL CENTER	No	District	216,479,407	114,378,339	24,841,035	77,260,033	2,766,951	1.28%	3.58%	
63	GRAYS HARBOR COMMUNITY HOSPITAL	No	Non Profit	279,460,363	108,453,761	50,095,635	120,910,967	3,423,464	1.23%	2.83%	
78	SAMARITAN HOSPITAL	No	District	118,721,313	36,402,833	15,180,732	67,137,748	1,854,262	1.56%	2.76%	
199	TOPPENISH COMMUNITY HOSPITAL	No	For Profit	68,707,707	9,961,956	22,580,581	36,165,170	937,904	1.37%	2.59%	
134	ISLAND HOSPITAL	No	District	134,482,510	48,659,858	7,646,101	78,176,551	1,024,284	0.76%	1.31%	
Large Town				14	2,063,893,786	821,036,519	309,149,089	933,708,178	52,219,618	2.53%	5.59%
Total Rural			43	2,876,327,100	1,151,334,224	472,419,788	1,252,573,088	69,456,025	2.41%	5.55%	

## Appendix 4

### Federal Poverty Guidelines

The Federal Poverty Guidelines for all states except Alaska and Hawaii but including the District of Columbia from the Federal Register:

Annual Federal Income Poverty Guidelines				
Size of Family	2006	2007	2008	2009
1	\$9,800	\$10,210	\$10,400	\$10,830
2	13,200	13,690	14,000	14,570
3	16,600	17,170	17,600	18,310
4	20,000	20,650	21,200	22,050
5	23,400	24,130	24,800	25,790
6	26,800	27,610	28,400	29,530
7	30,200	31,090	32,000	33,270
8	33,600	34,570	35,600	37,010
Additional Family Members	3,400	3,480	3,600	3,740

These guidelines go into effect on the day they are published; usually around January 23 with the exception of Hill Burton hospitals, which are effective 60 days from the date of publication.

The [Health & Human Services Poverty Guidelines](http://aspe.hhs.gov/poverty/) are also directly available online: <http://aspe.hhs.gov/poverty/>